

## **COMMITTEE ON LANDS AND BUILDINGS**

**April 15, 2003**

**6:00 PM**

Chairman Thibault called the meeting to order.

The Clerk called the roll.

Present: Aldermen Thibault, Gatsas, Pinard, DeVries, Garrity

Messrs: Deputy Solicitor Arnold, Dick Dunfey

Chairman Thibault addressed Item 3 of the agenda:

Report from Highway Department regarding request of Leo Bernier to place storage shed on city property.

Alderman DeVries stated I think we are looking for a revocable license agreement from the Solicitor's Office, which is referenced in the material.

Alderman DeVries moved the item for discussion. Alderman Pinard duly seconded the motion.

Alderman DeVries stated I am wondering if the Solicitor's Office has already done up the revocable license agreement that is referenced.

Deputy Solicitor Arnold responded no it has not been done yet but if authorized by the Committee I will certainly prepare one.

Alderman DeVries asked if we enter into this agreement is this going to mean that any taxpayer in the City can ask to enter into a similar agreement on any City property.

Chairman Thibault replied I would imagine so and they would have to come to this Committee and we would have to look at it in the same light I guess.

Alderman DeVries asked why would they have to come to this Committee. Is it because it is City property?

Chairman Thibault answered yes. It is up to you guys what you want to do with this. The Highway Department doesn't seem to have a problem providing that if they ever had to go and take that building out they could do that and we would not be liable for damages or whatever. I agree with that and I am sure Leo would agree with that, too. Should we wait until we get the Solicitor's approval on it? Would that bother you, Leo, to wait until we get approval?

Clerk Bernier answered no.

On motion of Alderman DeVries, duly seconded by Alderman Pinard, it was voted to have the Solicitor's Office prepare the revocable license agreement.

Chairman Thibault addressed Item 4 of the agenda:

- Communications regarding disposition of 628 Hanover Street
- a) communication from Manchester Housing & Redevelopment
- b) communication from Robert Gonyer
- c) recommendation from Planning Department – send to public auction
- d) report from Assessors – value of \$150,000 minimum auction bid
- e) report from Tax Collector

Deputy Clerk Johnson stated we listed them in order so you would know that you had the reports from Assessors and Tax and Planning, which is required by ordinance and you had two people who have already indicated an interest in the property and their letters are enclosed. Currently if you want somebody to address their communication you can do that.

Chairman Thibault stated it is up to the Committee.

On motion of Alderman DeVries, duly seconded by Alderman Pinard, it was voted to move the item for discussion.

Chairman Thibault called Mr. Dick Dunfey from Manchester Housing forward.

Mr. Dunfey stated I am the Executive Director of the Manchester Housing and Redevelopment Authority. As we indicated in our letter to the Board we have great interest in the former Semascan Brothers site up just adjacent to the St. George Greek Orthodox Cathedral. What we are proposing here is a joint venture along with Southern NH Services whereby Southern NH Services would attempt to secure HUD funding, HUD Section 202 funding. In their partnership arrangement with us they would own the property but they would allow people who are on our waiting list, which is currently up over 4,400 households Citywide

to occupy that site. We would be talking, I believe, in excess of about 30 units at the site. Because it is HUD 202 funding and the owners would be Southern NH Services, they would be in a position to pay the appraisal rate for the property as well as full taxes, which we thought would be attractive to the City while providing some relief from our point of view for low income affordable housing. That is it in a nutshell.

Alderman DeVries stated my question probably goes more to Planning if they are prepared for it. The HUD Section 202 loans, I am just wondering if that has already been tied up for next year and committed to other projects or how that would work. If you have the answer, Dick, please go ahead.

Mr. Michael O'Shea stated I am the Assistant Director at Southern NH Services and no it is a competitive process for the northern three states to apply to HUD for the 202 program.

Alderman DeVries asked so that is not one of the programs that the City of Manchester has limited funding available for such as the H.O.M.E. funds.

Mr. O'Shea answered no.

Alderman Gatsas asked, Dick, did I hear you say that there were 30 units that you could put there.

Mr. Dunfey answered I think preliminarily we are looking at 30+; somewhere in the range of 30-36.

Alderman Gatsas asked what size are the units.

Mr. David White stated I am the architect for the project. What I would like to do is hand out to you the preliminary plan that we did for the project. It will give you an idea of what can fit on the site and how it might fit. Based on the plan that was just passed out you can see that this is a preliminary plan so needless to say between now and the time that we would receive HUD funding we would, in fact, have more time to work on it to see if we can get more units. Right now we are looking at 30-32 based on this plan here. There is space for additional units but just barely. Parking is pretty tight right now with 36 parking spaces. All of the units are one-bedroom units. They have what is called...HUD has a net area, which basically is defined by inside tenant walls and these would be roughly 520 square feet. They are all one-bedroom units. They all have their own bathrooms and their own kitchens. Basically it is independent housing. There is common space for a community room, a community kitchen a community laundry area, support service space...these buildings traditionally have a service coordinator,

social service coordinator so that the residents of the project if they need services as they are older can obtain those services on-site. We are obviously trying to keep these people in these units for as long as possible. We are looking at roughly on a gross basis somewhere in the neighborhood of 750 to 800 square feet per unit. We are looking at somewhere around a 24,000 square foot building on the site.

Alderman Gatsas asked the HUD 202 program is available to any developer correct.

Mr. White answered no. The HUD 202 is strictly for non-profit, which is the reason why Southern NH Services qualified.

Alderman Gatsas asked then explain to me how if it is a non-profit we are going to receive property taxes. Didn't you say that we would be getting property taxes?

Mr. Dunfey answered it is a little bit different in the situation of the Housing Authority. By Federal mandate, as well as State law, we are required to pay a pilot payment in lieu of taxes, however, under the 202 funding which by the way public housing authorities are not eligible to apply for, it is a different formula and they are permitted to pay full property taxes on the property if it works in the overall scheme of the development.

Mr. O'Shea stated the way the 202 program is we pay a pilot for 10% of the rent, whichever is less or the non-school portion of the rent, whichever is less.

Alderman Gatsas responded so the answer to my question is you don't pay 100% of property tax.

Mr. O'Shea answered that is correct.

Alderman Gatsas asked so if we were to rezone this, not rezone it but if you received a variance for 30 units I would think that 30 units being a premium in the City that probably the value of \$150,000 would change drastically on a per unit price and a private developer would come in and probably pay the full tax rate. My statement was that I assume that we are...you would have to go forward for a variance. The variance requested would be for, let's use 30 units. The per unit land cost right now at \$150,000 that the Assessor has given out is about \$5,000 a unit. I believe that the price currently on the market for multi-family zoned property is closer to between \$12,500 and \$15,000 a unit. If that is the case, then the price of the property would be that much greater and we would be receiving full tax benefits from a private developer that would go there and build 30 units.

Mr. White answered if a private developer went on this site to do a project he would not get 30 units. He would not get 30 units because he would market the project and it wouldn't be elderly housing it would probably be market rate two-bedroom units. He would probably from a unit basis be able to maybe get somewhere between 15 and 18 units. He also has to provide two parking spaces per unit. We have at this particular point 36 parking spaces, which would allow for 18 units. I think probably the 18 number but I think if you take the 18 and multiply it out...I think the answer is they probably won't be able to do 30 units but they probably would be able to pay more than the \$5,000 times 30. Now whether Southern NH Services can go to the H.O.M.E. funds and get additional funds for additional appraised value and acquisition, that is also in the cards.

Alderman Gatsas stated I guess my question is even if a developer went to 15 units that would work and the 15 units per cost is higher and probably the taxes to the City would be greater.

Mr. White replied I would not doubt that at all.

Alderman Garrity stated, Dick, in your earlier statement you said you were going to pay full property taxes.

Mr. Dunfey replied actually I am backtracking and I apologize. Evidently, that was somewhat misleading. I thought they had more latitude under the 202 program to head in that direction but evidently it is a similar pilot arrangement.

Alderman Garrity asked so what is the best guess estimate in how much property taxes are going to be paid.

Mr. Dunfey answered I would have to defer to Michael for that calculation.

Mr. O'Shea stated again what usually happens is we usually end up paying 10% of the rent that we collect and I would guess it would be somewhere in the vicinity of \$10,000 a year.

Chairman Thibault asked can you give me a percentage of tax. Let's say 60% or 80% of what the normal taxes would be or could you give me some idea?

Mr. O'Shea answered I would guess about 50%.

Alderman Pinard asked do we know if anybody else has attempted to purchase that property and how many years has it been on the tax roll.

Chairman Thibault answered as I understand it the Greek Church has also made some overtures on it. Unless I am mistaken, does this have to go out to public bid?

Deputy Solicitor Arnold replied if it does not go to public bid or public auction or some other competitive process then you could transfer the property to these folks but you would have to do it by ordinance and have just cause.

Alderman Garrity asked, Steve, the assessed value is that \$132,600 on the property.

Mr. Tellier answered yes.

Alderman Garrity asked in your estimation what type of dollar figure could we get for the property.

Mr. Tellier answered at this point we set the starting bid at \$150,000. We did some research with the Building Department. With the frontage that is available as you can see on your maps it could easily be construed as two separate house lots. Were it to be granted a variance, obviously the value would increase because of highest and best use. You would get more bang for your buck at that point. Allowing for legally permitted uses, present permitted uses at two house lots clearly at \$75,000 a lot for a large lot in the City of Manchester, \$75,000 would easily be a good starting point, therefore, we set the value starting at \$150,000.

Alderman Lopez asked, Steve, have you laid out if this property was 30 units what the taxes would be and if it was like Alderman Gatsas said 15 units what that would be. I am sure once we sell this property it will be rezoned depending on what goes there.

Mr. Tellier answered at this point no I have not. Again, when it is subject to variance that is up to the ZBA at this point. When we attempted to place a value it was with present legally permitted uses. I don't have a "what if" at this point.

Alderman Lopez asked can somebody explain to me why Families in Transition pay 100% and the Neighborhood Housing pays taxes when they build houses in the City of Manchester in comparison to this project.

Mr. Dunfey replied I can take a crack at it. Different programs under which you seek funding have different requirements. As I mentioned earlier and have mentioned before in these Chambers, the public housing authorities do not have the latitude to pay anything over and above a strict formula set forth by HUD. As a matter of fact, they make it clear to us that if we go beyond that amount then we

are at risk of seizure of our properties by HUD so we have no leeway on that. Other entities operating under other programs have different program requirements and it is merely a function of that.

Alderman Lopez asked if the Committee and the Board approve this and it is 30 units of elderly housing...how long and maybe I am reading this wrong but is it being run by Southern NH Services versus Manchester Housing.

Mr. Dunfey answered because funding would be applied for through the 202 program it would be secured and owned by Southern NH Services. However, in the partnership arrangement that I described a little bit earlier they would be accepting people off of MHRA's waiting lists to occupy the units both for initial occupancy and then pretty much in perpetuity thereafter so it would provide some relief in that respect. In addition, they will be providing some community space in which we will be offering social service programming in support of the residents.

Alderman Pinard asked has anybody contacted this Robert Gonyer.

Chairman Thibault answered I know that we received a letter from him stating that he is interested in acquiring the property. That is the reason I asked the City Solicitor if, in fact, it would have to go to bid. That was the real purpose of that.

Mr. Dunfey asked may I clarify a comment that I heard right about that time. I checked with the St. George Orthodox Cathedral and, in fact, they brought this issue up last night at a Board of Director's meeting. They indicated that they have no interest in the property and in fact they are supportive of our partnership venture that we are proposing with Southern NH Services.

Alderman Garrity asked, Dick, did you say you were going to pay market value or assessed value.

Mr. Dunfey answered I believe we would be paying somewhere in the vicinity of the appraised value for the property but I stand corrected if need be by Michael on that.

Alderman Gatsas asked, Dick, can you go back into...you made a comment and I wasn't going to go there but you took me there so let's follow up with it. You said that by HUD standards the best you could do was in lieu of taxes.

Mr. Dunfey answered that is correct.

Alderman Gatsas asked is that not an agreement that was struck with the City some 20+ years ago.

Mr. Dunfey answered yes. We have a cooperation agreement with the City of Manchester and we are required to have that agreement by HUD to operate here. It is mandated that part of that agreement...when that agreement was entered into and it continues to be mandated by HUD that we have that type of an arrangement in our cooperation agreement with the City.

Alderman Gatsas asked but there is nothing in HUD rules doesn't allow the City and Manchester Housing Authority to sit down and renegotiate that contract.

Mr. Dunfey answered we could renegotiate the contract but we couldn't renegotiate that part of it. We are limited to that pilot payment as prescribed strictly by HUD and it is a strict formula that we have no latitude with so we wouldn't be at liberty to change that formula with you as much as we might like to.

Alderman Gatsas asked is there a way that you could give us a copy of that agreement because I have not seen it and also the formula from HUD.

Mr. Dunfey answered certainly.

Alderman Gatsas stated my understanding is that other communities throughout the country are renegotiating different deals and they are based on current values and not what they were set at in the 1980's when these initial contracts came forward with the HUD deal. Am I...

Mr. Dunfey interjected I am not aware of anything of that nature occurring but that doesn't mean it isn't. I am not aware of any means to get there under Federal law for a public housing authority.

Alderman Gatsas asked so law would have to be changed at the Federal level.

Mr. Dunfey answered and that is probably beyond my abilities at this point.

Alderman Gatsas stated but I would think that the ability, if we were looking at that because of the Chairman of that Committee right now that we may have the ability to do that if we so choose.

Mr. Dunfey responded that is entirely possible.

Chairman Thibault asked does somebody from Planning want to give us some background on this and their recommendation.



Deputy Clerk Johnson responded the report from the Planning Department is part of the agenda.

Alderman Pinard moved to approve selling it to Southern NH Services.

Chairman Thibault asked, Mr. Arnold, does it have to go to public auction.

Deputy Solicitor Arnold answered no it technically does not have to. You could do it through an ordinance condition on a finding of just cause.

Alderman Gatsas asked why wouldn't we put this out to bid. I certainly want to help the Manchester Housing Authority and Southern NH Services but I think we have an obligation to taxpayers at some point here if we aren't receiving the full tax freight on it. Somebody can go to the NH Housing Authority and get funding for elderly housing and put it there and we would get the full rate on taxes.

Alderman DeVries stated I thought it was just explained to us so that if this was two single family lots that it was divided into the taxes might be similar or equivalent to us allowing the senior housing that was on the tax roll. Did we not just hear that in testimony? Steve can you elaborate for us? If it was two single family homes and I realize it is pure conjecture on the assessed value but...

Mr. Tellier interjected using an average assessment of maybe \$150,000 at this point or \$170,000, whatever the case may be, I am using a \$300,000 value on both houses if it went to single family. That would account for taxes of approximately \$7,700 if it was kept at just two single family and it likely with a lot that size that it may be a little bit larger but it would be under \$10,000.

Alderman DeVries stated and we thought that if this went to senior housing taxable with the 30 units that might be in the \$10,000 range.

Mr. Tellier replied if my understanding is correct, they are paying 10% on their profit after shelter rent. That is my understanding.

Alderman DeVries asked do we recall what that number was.

Mr. Tellier answered I didn't get their projected income.

Alderman DeVries stated maybe we can ask them to come back up and clarify that for me.

Chairman Thibault responded it was something like 50% wasn't it.

Mr. O'Shea stated we would pay 10% of the gross rent that we get but it is a reduced rent that we get. We run 41 units of 202 elderly housing out on Front Street and we pay the City \$15,000 a year in lieu of taxes. For 30 units I guessed somewhere around \$10,000.

Alderman DeVries stated so we are actually ahead of the game with the taxes or the "in lieu of taxes" that we would receive on this property versus single family.

Mr. Tellier responded whether you are ahead or break even it would be a decision by the Board on what the needs of the community are.

Alderman DeVries stated I am only assuming that variance activity might be more difficult if we were looking with a private developer. This is currently residential.

Chairman Thibault stated I think you also have to look at the fact that you are helping a population that really needs it out there. You have over 4,000 people waiting for elderly apartments. The other question I have is is this strictly elderly or is it handicapped also. I noticed that there are a lot of these other things that get into that.

Mr. Dunfey replied Section 202 is just elderly.

Chairman Thibault stated so we would be serving a major need in the City presently.

Alderman Gatsas asked, Steve, somebody can go in here with cluster housing. Where it is 1.1 acres you could go in there and easily look for six clusters in that piece for a variance. Minimum lot size is 12,500 so you could go with four and you are at 48,000 square feet, which is going to bring you to the cluster zoning.

Mr. Tellier answered again that would have to come under the ZBA. I don't know how they would be predisposed. Would they allow that or not? Your guess might be as good as mine. We could do "what if". Your assumption would be correct that were that to be allowed we would get a little bit higher assessment from a project of that magnitude but again we don't know what the disposition of the ZBA would be.

Alderman Gatsas asked would you agree that the disposition probably is going to be less intrusive with a cluster of four than it is with 30 units.

Mr. Tellier answered I learned a long time ago not to assume another Board's thoughts.

Alderman Garrity asked what is the current zoning. Is it R-1B?

Mr. Tellier answered I believe it is single-family.

Alderman DeVries moved to sell this property using the just cause provision.

Deputy Clerk Johnson asked before motions get thrown out here can we just make sure that we get the verbiage correct because you are dealing with State statutes and City ordinances. I guess you want to find it surplus to City needs; that you find just cause to dispose of the property to the Manchester Housing and Redevelopment Authority with just cause being that it will provide elderly low income housing; that the sale of the property would be at a minimum value of \$150,000, which is the value determined by the Board of Assessors; and that the City Solicitor be authorized to prepare whatever documentation is necessary for the transfers and the Finance Officer be authorized to write off accounts as may be required. That would be your motion.

Alderman DeVries stated I agree with the motion as stated above. Alderman Pinard duly seconded the motion.

Alderman Gatsas stated I assume this is not with a contingency of rezoning.

Mr. Dunfey responded before I fumble with that question could I address an earlier statement by Deputy Clerk Johnson just to clarify. The owner of the property would need to be Southern NH Services, Inc., although we would be in a joint venture with that entity on this overall project.

Deputy Clerk Johnson stated I believe what we will probably place in the report is something to having separate agreements that will constitute the elderly housing portion of it as part of the ordinance.

Alderman Gatsas asked, Mr. Dunfey, are you speaking for Southern NH Services that they are willing to buy this without any "subject to's".

Mr. Dunfey answered no I wouldn't do that. I would call upon their representative at this point to respond to that question.

Mr. O'Shea stated we would buy it subject to zoning.

Alderman Gatsas asked if this Committee is looking to make that recommendation why wouldn't we do that for a private developer then.

Mr. O'Shea stated we are buying it with the restriction that we can only use it for HUD 202 elderly housing. We can't use the land for anything else but 202.

Alderman Gatsas stated the question is why wouldn't we make that same contingency that only elderly housing could be put there to a private developer.

Mr. O'Shea responded I suppose Southern NH Services could turn it into, if we didn't have the zoning restriction, for profit elderly housing, which is what you are proposing.

Alderman Gatsas stated no I am proposing that a private developer...if we were going to sell it with the contingency of variance of 30 units that there probably are developers out there that would buy it subject to zoning of 30 elderly units and pay the full freight of taxes to the City and probably pay a higher price than \$150,000.

Alderman DeVries asked is that low-income elderly housing in your guesstimation.

Alderman Gatsas replied I don't think this is low-income elderly housing.

Mr. O'Shea answered yes it is.

Alderman Gatsas asked does it matter if it is low income or elderly housing.

Alderman DeVries replied I think it does to those they are trying to serve.

Alderman Garrity asked, Dick, is this going to be Section 8 elderly housing.

Mr. Dunfey answered it is a very similar subsidy under the 202 program; yes. It is essentially Section 8 housing choice voucher subsidy.

Alderman Garrity asked for elderly.

Mr. Dunfey answered for elderly exclusively.

Chairman Thibault called for a vote on the motion to find the property surplus to City needs; find just cause to dispose of the property to the Southern New Hampshire Services, Inc. with just cause being that it will provide elderly low income housing; that the sale of the property would be at a minimum value of \$150,000, which is the value determined by the Board of Assessors; and that the City Solicitor be authorized to prepare whatever documentation is necessary for the transfers and the Finance Officer be authorized to write off accounts as may be

required. The motion carried with Alderman Gatsas being duly recorded in opposition.

## **TABLED ITEMS**

5. Communication from St. Pius X Church requesting to purchase Map 477, Lot 4 land on Page Street.

On motion of Alderman Pinard, duly seconded by Alderman Garrity, it was voted to remove this item from the table.

Alderman Pinard moved to sell the land to the church. There was no second.

Alderman Pinard stated I was talking to the caretaker of the church and there is only that one piece. The church owns the rest. They want that to be able to expand their parking lot so I would appreciate a second on that motion.

Deputy Clerk Johnson asked so the cause basically is to allow the church to expand their parking area.

Alderman Garrity asked is the church willing to participate in the highest bid process.

Alderman Pinard answered I have no idea. I haven't discussed that with the pastor. I can if you want to table it and I can get you the information at the next meeting.

On motion of Alderman Pinard, duly seconded by Alderman Garrity, it was voted to put this item back on the table pending information from Alderman Pinard.

6. Communication from DASS Development requesting to acquire land beneath the Pearl Street School.

Deputy Clerk Johnson stated DASS Development has requested that this item remain on the table.

7. Communication from Deputy Solicitor Arnold regarding Jefferson Mill Air Rights.

This item remained on the table.

8. Request of Crystal Lake Preservation Association relating to various lots on Tax Map 506.

This item remained on the table.

Deputy Clerk Johnson stated I have an item of new business that I will hand out. We have a communication from Public Service Company of New Hampshire. There is a parcel of land that they sold to the City and they have enclosed a copy of that deed. There was a transmission line easement reserved to PSNH in that transfer. Apparently they were underground lines and they want to make them overhead lines and they are looking for us to clarify their easements rights to include overhead rights. Basically we are talking about an amendment to an easement or doing up an easement. I would have the Solicitor's office prepare something to submit to the Board but the question is whether or not the Committee finds it reasonable to allow them basically those overhead rights.

On motion of Alderman Gatsas, duly seconded by Alderman Pinard, it was voted to table this request pending information from the Solicitor's Office.

There being no further business, on motion of Alderman DeVries, duly seconded by Alderman Pinard, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee